

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 1, 2016/2017

**PAT0075 – COST AND MANAGEMENT ACCOUNTING**

( Foundation in Management )

11 OCTOBER 2016

9.00 am – 11.00 am

(2 Hours)

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### INSTRUCTIONS TO STUDENTS

1. This question paper consists of **FOUR** printed pages with **FOUR** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

**QUESTION 1**

Sedap Sangat Sdn Bhd runs a catering business for wedding, parties and other occasions. The company has four major activities: purchasing, cooking, serving and cleaning. The information regarding the business are as follows:

Activities	Budgeted Overhead Expenses (RM)	Activity Cost Driver	Total Cost Driver
Purchasing	54,000	Number of purchases	30
Cooking	120,000	Number of cooking	250
Serving	50,000	Number of guests	2,500
Cleaning	50,000	Number of tables	1,250

In July 2015, the company will organize an occasion. The information about the occasion are as follows:

Number of guests	250 guests
Number of tables	25 tables
Number of cooking	3 times
Number of purchases	2 times
Cooking material	RM20 per guest
Labour rate	RM15 per worker
Number of worker	5 workers

**REQUIRED:**

- Compute the driver rate for each activity using Activity-Based Costing (ABC) system.  
(8 marks)
- Compute the total overhead cost for the occasion.  
(9 marks)
- Compute the total manufacturing cost per guest for the occasion.  
(6 marks)
- Explain the difference between traditional costing system and ABC in terms of accuracy.  
(2 marks)

**[TOTAL 25 MARKS]**

**Continued...**

**QUESTION 2**

Pac Kit Sdn. Bhd. manufactures industrial first aid kits. The following information is taken from the book of Pac Kit Sdn Bhd for the second quarter of 2016.

Normal Production	325 kits
Actual Production	300 kits
Opening stock	60 kits
Sales	350 kits
Selling price per kits	RM600
Direct materials per kit	RM80
Direct labour per kit	RM60
Variable manufacturing overhead cost per kit	RM40
Variable selling and administrative cost per kit	RM30
Fixed manufacturing overhead cost per year	RM65,000
Fixed selling and administrative cost per year	RM56,000

**REQUIRED:**

- Compute the unit product cost under absorption costing and marginal costing.  
(9 marks)
- Prepare Statement of Profit or Loss and Other Comprehensive Income for the second quarter of 2016 using absorption costing.  
(12 marks)
- Explain the treatment of fixed manufacturing overhead cost under absorption costing and marginal costing.  
(2 marks)

**[TOTAL 25 MARKS]**

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**QUESTION 3****Part A**

Favelle Favco Berhad (FFB) is a manufacturer of construction cranes. Management is considering whether to continue manufacturing the cranes or to outsource at a cost of RM2,500 per crane. FFB needs 100 cranes annually. The total cost to manufacture 100 cranes are as follows:

Direct materials	RM865,000
Direct labour	RM568,000
Variable manufacturing overhead	RM685,000
Fixed manufacturing overhead	RM794,000

FFB would pay RM300 per crane to transport the cranes to the warehouse. Purchasing the cranes would enable FFB to avoid 35% of fixed manufacturing overhead. If the cranes are purchased, the released facilities could be used to manufacture another product with a contribution margin of RM50,000.

**REQUIRED:**

- Calculate the total cost to make the cranes.  
(5 marks)
- Calculate the total cost to buy and leave the facilities idle.  
(4 marks)
- Calculate the total cost to buy and use released facilities to make other product.  
(5 marks)
- Should FFB make the crane, or buy and leave the facilities idle, or buy and use the facilities to make another product? Justify your answer.  
(2 marks)

Continued...

**Part B**

GymGan Fitness Centre (GGFC) is considering to purchase a new cardio machine at a cost of RM40,000. Annual savings from operations will be RM10,000. The estimated useful life is 5 years with zero disposable value. The minimum rate of return desired is 9%.

Period	PVIF, 9%	PVIFA, 9%
1	0.9174	0.9174
2	0.8417	1.7833
3	0.7722	2.5771
4	0.7084	3.3121
5	0.6499	3.9927

**REQUIRED:**

- Calculate the payback period. (3 marks)
- Calculate the net present value. (4 marks)
- Should the GGFC buy the new cardio machine? Justify your answer. (2 marks)

**[TOTAL 25 MARKS]****QUESTION 4**

G&N Bakery Sdn. Bhd. manufactures and sells cakes. The following information relates to the company for the first half of 2016. Selling price per unit is RM55. Budgeted sales in units are as follows:

January 2016	February 2016	March 2016	April 2016	May 2016	June 2016
4,000	6,000	5,000	5,500	6,500	7,000

**REQUIRED:**

- Prepare the sales budget for the first half of 2016. (19 marks)
- List six purposes of preparing budgets. (6 marks)

**[TOTAL 25 MARKS]****End of Paper**